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AFFIDAVIT OF CHARLES A. TRAYWICK

- I, Charles A. Traywick, being duly sworn, depose and say:
- 1. I am a Special Agent with the Internal Revenue Service, Criminal Investigation (IRS/CI), and have been so employed for approximately twenty (20) years. Prior to becoming a special agent, I was employed by the IRS as a Revenue Agent for approximately eight (8) years. Prior to my employment with the IRS, I attended the University of Alabama in Birmingham, where I received a Bachelor of Science degree in business administration with a concentration in accounting. During my employment with the IRS/CI, I have received specialized training in the investigation of money laundering and other financial crimes. In May, 2003, I was assigned to a grand jury investigation in the Northern District of Alabama involving financial fraud connected with the HealthSouth Corporation ("HealthSouth") and the involvement of Richard M. Scrushy in those crimes. Prior to that, I was assigned to the Birmingham Field Office of the IRS/CI, where I conducted numerous criminal investigations that have included the tracing of money stemming from criminal activity to assets purchased by the individuals involved in the criminal activity. Such criminal investigations involved tax fraud, narcotics trafficking, money laundering, bankruptcy fraud and securities fraud.
- 2. The information set forth in this affidavit is based upon my personal examination and investigation of all of the financial accounts identified in this affidavit, information which has been provided to me by other federal law enforcement agents, including other IRS special agents, Federal Bureau of Investigation (FBI) special agents and contractors working with the FBI, as well as information and analysis of defendant Richard M. Scrushy's financial accounts provided by Clifton Gunderson, LLP, Certified Public Accountants and Consultants. Clifton Gunderson LLP, a national

accounting firm, was retained by the U.S. Department of Justice to analyze the financial accounts of defendant Scrushy and to trace criminal proceeds which Scrushy received as a result of the criminal acts he has allegedly committed as set forth in the indictment referenced in paragraph 4 below.

- 3. As set forth below, there is probable cause to believe that the property more particularly described in paragraphs 17 to 56 herein (hereinafter, "the subject property") constitutes the fruits of a crime and was involved in or traceable to property involved in a violation of the money laundering statutes, 18 U.S.C. §1957, and is therefore subject to forfeiture under 18 U.S.C. §982(a)(1). There is also probable cause to believe that the subject property was derived from proceeds traceable to fraud in the sale of securities in violation of 15 U.S.C. §78j(b) and 78ff, conspiracy, in violation of 18 U.S.C. §371, mail fraud in violation of 18 U.S.C. §1341, and wire fraud in violation of 18 U.S.C. §1343, and is therefore subject to forfeiture under 18 U.S.C. §981(a)(1)(C) and 28 U.S.C. §2461(c).
- 4. As set forth in the Indictment in <u>United States v. Richard M. Scrushy</u>, Criminal Case No. CR-03-BE-0530-S (N.D. Ala.)(UNDER SEAL), which is attached hereto and incorporated herein (the "Indictment"), there is probable cause to believe that defendant Richard M. Scrushy and others engaged in a conspiracy to commit mail fraud, wire fraud and securities fraud, among other things. Defendant Richard M. Scrushy also engaged in individual acts of mail fraud, wire fraud, fraud in the sale of securities, and money laundering, according to the Indictment. This affidavit describes the flow of funds from these crimes, and sets forth probable cause to believe that the subject property is traceable to the proceeds of money laundering, conspiracy, mail fraud, wire fraud and fraud in the sale of securities. In preparing this affidavit, I have reviewed payroll and other records from HealthSouth, which document compensation received by defendant Scrushy, including bonuses, loans, and stock options paid to the defendant during the periods of time covered by the Indictment.

I have reviewed and analyzed the defendant's bank and brokerage account records for the same period of time, in order to trace the aforesaid funds to specific assets. I have concluded that Scrushy received a total of approximately \$278,727,624 in criminal proceeds, defined as property obtained directly or indirectly from commission of the offenses charged in the Indictment, and consisting of monthly and annual bonuses, stock options, and other benefits, as more fully set forth below.

5. As a result of the criminal activity set forth in the Indictment, defendant Richard M. Scrushy received the following monthly and annual target bonus payments, all of which were based upon the fraudulently inflated financial performance of HealthSouth:

	TARGET BONUS PAYMENTS			
YEAR	MONTHLY	ANNUAL	TOTAL	
1996	\$2,400,000.00	\$5,000,000.00	\$7,400,000.00	
1997	\$2,400,000.00	\$8,000,000.00	\$10,400,000.00	
1998	\$1,800,000.00	\$10,000,000.00	\$11,800,000.00	
1999	\$900,000.00	\$0.00	\$900,000.00	
2000	\$2,400,000.00	\$0.00	\$2,400,000.00	
2001	\$2,400,000.00	\$6,500,000.00	\$8,900,000.00	
2002	\$1,800,000.00	\$10,000,000.00	\$11,800,000.00	
TOTALS	\$14,100,000.00	\$39,500,000.00	\$53,600,000.00	

6. Of the \$39,500,000.00 in gross annual target bonus payments received by defendant Richard M. Scrushy. \$26,162,143.77 in net proceeds were traced to the following two (2) bank accounts maintained and controlled by defendant Scrushy:

INSTITUTION	ACCOUNT NO.	ACCOUNT TYPE	AMOUNT
AmSouth		Checking	\$21,576,393.77
First Union		Checking	\$4,585,750.00

7. Of the \$14,100,000.00 in gross monthly target bonus payments received by defendant Richard M. Scrushy, \$9,154,061.17 in net proceeds was traced to the following four (4) bank accounts maintained and controlled by Defendant Scrushy:

INSTITUTION	ACCOUNT NO.	ACCOUNT TYPE	AMOUNT
AmSouth		Checking	\$7,946,325.79
AmSouth		Checking	\$251,897.03
First Union		Checking	\$818,488.51
First Union		Checking	\$137,349.84

8. As a result of the criminal activity set forth in the Indictment, defendant Richard M. Scrushy, together with other co-conspirators, fraudulently inflated HealthSouth's financial results in order to increase HealthSouth's stock prices thereby increasing the value of his HealthSouth stock and options. From 1996 through 2002, Defendant Scrushy sold stock in HealthSouth that he acquired through the exercise of stock options. The stock options exercised and proceeds generated from the sale of stock associated with the options exercised include the following:

YEAR	SHARES	SALE PROCEEDS
1996	500,000	\$19.014,631.60
1997	4,000.000	\$107,996,400.00
2002	5,275,360	\$74.118,808.00
TOTAL		\$201,129,839.60

9. Proceeds from the sale of the stock set out in paragraph 8 above were deposited to the following two (2) brokerage accounts:

INSTITUTION	ACCOUNT NO.	AMOUNT
Smith Barney		\$127,011,031.60
UBS Warburg		\$74,118,808.00

10. On the same date that the \$74,118,808.00 in proceeds was deposited into UBS Warburg account No. funds were transferred from that account to the following four (4) brokerage accounts:*

INSTITUTION	ACCOUNT NO.	AMOUNT
Smith Barney		\$10,000,000.00
Morgan Stanley		\$13,000,000.00
Morgan Stanley		\$10,000,000.00
SouthTrust Securities		\$3,859,603.73

from HealthSouth. This deposit represents additional proceeds from the sale of HealthSouth stock acquired through stock options as the result of excess tax withholding pertaining to the \$74,118,808 in stock options exercised in May 2002. This resulted in total proceeds from the sale of HealthSouth stock acquired through stock options deposited into Smith Barney Account No. 100 of \$13,595,167.50.

^{*} Prior to being deposited into the referenced SouthTrust Securities Account, proceeds were parked in SouthTrust Securities Account No. S

- 12. On September 10, 1999, as a result of the criminal activity set forth in the Indictment, defendant Scrushy was able to borrow \$25,218,114.87 from HealthSouth Corporation pursuant to its Executive Equity Loan Plan (Loan Plan). The Loan Plan was a form of equity-based compensation, similar to stock options, and was administered by the Audit and Compensation Committee of the Board of Directors of HealthSouth Corporation. The Loan Plan provided loans of HealthSouth Corporation funds to its executives, solely for the purchase of common stock of HealthSouth. Pursuant to the terms of the Loan Plan, the loan was secured by the stock being purchased. The effect of this program was that Defendant Scrushy received, as additional compensation, any appreciation in the HealthSouth stock during the holding period.
- 13. On November 17, 1999, 4,362,297 shares of HealthSouth Corporation common stock were transferred from the HealthSouth Corporation account maintained at Smith Barney, Account No. to another account maintained at Smith Barney entitled "HealthSouth Corporation Secured Party F/B/O Richard Scrushy", Account No. On August 1, 2002, a member of the Compensation Committee of the Board of Directors informed Smith Barney that an agreement had been reached with Defendant Scrushy for the satisfaction of the indebtedness secured by the common shares of HealthSouth pursuant to the Loan Program. The Compensation Committee member directed Smith Barney to transfer 2,506,770 shares of the common stock from the pledge account to the account of HealthSouth Corporation and to release the remaining 1,855,527 shares, then valued at \$18,648,046.35, to defendant Scrushy, free of any liens, and subject to Scrushy's direction.
- 14. On May 28, 2003, defendant Scrushy transferred 3,141,293 shares of HealthSouth stock from his brokerage account maintained at Smith Barney, Account No. Of the 3,141,293 shares

pursuant to the Loan Plan. Based on the most recent information available, the balance of the shares acquired pursuant to the Loan Plan, 458,368, remain in Account No.

THE METHOD OF TRACING PROCEEDS

15. In connection with this investigation, Clifton Gunderson LLP, a national accounting firm, was retained by the Department of Justice to assist the United States in tracing the proceeds of the crimes charged in the Indictment. Generally accepted methods, including accounting principles used in the tracing of trust assets, were used to trace criminal proceeds. As a preliminary matter, a financial analysis was conducted to determine if defendant Scrushy still held any of the proceeds in their original form. It was determined that Scrushy continues to hold 2,939,527 shares of HealthSouth stock, constituting property obtained from commission of the offenses charged in the Indictment. The balance of the proceeds was invested, reinvested, mixed with clean funds and transferred among various accounts controlled by Scrushy. Those proceeds were traced to the acquisition of other assets or investments. Some of these proceeds have been dissipated or not yet traced.

16. In many instances, proceeds were traced to assets that were purchased or investments that were made directly from the accounts to which the proceeds had been deposited. At times, these accounts contained clean funds from other sources and balances became commingled. To determine whether proceeds could be traced to a particular asset or investment it was necessary to distinguish between the use of proceeds or clean funds. This was done by applying certain generally accepted methodologies for tracing. The individual account balances were segregated between criminal proceeds and clean funds, and running balances were maintained for each account. Proceeds were defined as the property resulting from the criminal activity, property derived from the sale of assets

acquired with money traceable to the criminal activity, and cash investment income created through the investment of money derived from the criminal activity. Clean funds were defined as all other funds not identified as proceeds. In arriving at these running balances, the following principles were applied: 1) personal expenses dissipated clean funds first and proceeds were only reduced to the extent that clean funds were not available, and 2) the "lowest intermediate balance rule" was applied, meaning the amount of proceeds remaining in the account could not exceed the lowest intermediate balance in the account.

17. Of the \$278,727,674 in net proceeds generated, approximately \$109,000,000 have been traced to securities and cash held in several bank and/or investment accounts, vehicles, vessels, aircraft, tractors, jewelry, antiques, electronics, artwork and collectibles, real estate, and other financial instruments, all of which are specifically identified below. The tracing to the specific assets identified below was based upon an analysis of the documents used to effect or record the acquisitions, including checks, wire transfer records, invoices, bills of sale, receipts, memoranda, notes, and insurance documents, as well as upon interviews with persons involved in the transactions. Many of the records were made by defendant Scrushy's personal accountant. In each of the specific tracing described below, the same analysis and methods, as discussed in paragraph 16, were applied.

SMITH BARNEY ACCOUNT NO.

18. Between November 1996 and September 2002 defendant Scrushy exercised HealthSouth stock options and purchased 6,084,000 shares (adjusted for stock splits) of HealthSouth stock. The shares were deposited into his Smith Barney Account No. Five million (5,000,000) shares were sold for \$109,553,792.00, which represents criminal proceeds of the crimes charged in the Indictment. Defendant Scrushy retained 1,084,000 shares, which were subsequently transferred to

Smith Barney Account No. and which are still held by Scrushy. During that same period, \$29,792,047 in criminal proceeds were transferred into Smith Barney Account No. from other accounts controlled by defendant Scrushy. Of the total criminal proceeds from the sale of HealthSouth stock in Smith Barney Account No. Scrushy transferred in excess of \$64,000,000.00 to his other investment accounts or to facilitate the purchase of assets.

19. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from Smith Barney Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
1 48.71 ct. emerald cut diamond bracelet (thirty stones)	\$685,000.00
1 pr. round cut diamond stud earrings 6.08 cts	
1 fancy yellow radian cut diamond w/white trillions 9.69 cts. radiant 2 dia: 1.40 ct.	
1 fancy yellow diamond bracelet 48 dia. 14.06 ct.	
1 sapphire & diamond ring	\$175,000.00
1 pr. diamond stud earrings 4.08 cts.	
1 diamond wedding band	
1 men's wedding band	
1 diamond bracelet set in platinum w/39 diamond = 19.37 cts.	
1 pearl necklace	
4 pearl bracelets	
1 pr. Pearl stud earrings	
1 baby's pearl bracelet	
1 diamond necklace set in plat. Dia. 43.01 cts.	\$185,000.00
I diamond pin set w/18 kt. white gold dia. 8.19 cts.	
1 diamond ring set in plat. double pear shape dia. 3.28 cts.	
1 pr. 14 kt. gold trout cuff links	
I pr.18 kt. fly fish rod & reel cuff links1 pr. of world globe cuff links	
l pr. Mother of pearl & ruby cuff links	
l pr. red & white enamel cuff links	
1 pr. Emerald & diamond earrings	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
1998 Cessna Caravan 675 w/ landing floats aircraft	,
Registered to Marin Air, Inc.	
Tail #N208mm; Serial #20800296	\$35,000.00
Wire transfer on 6/19/98	1,336,215.00
Wire transfer on 12/24/98	177,800.00
Wire transfer on 1/22/99	
1992 Tarrab Yacht 92' (Chez Soiree)	\$3,046,488.00
Hull # xed09219d102	· · ·
1000 North Lake Way, Palm Beach, FI	\$5,000,000.00
Palm Beach County	•
Parcel #50-43-4-303-200-000.400	
Investment in Acacia Venture Partners:	#20,000,00
Wire transfer on 3/20/00	\$30,000.00
Wire transfer on 3/27/00	50,000.00
INVESTMENT IN NEW ENTERPRISE ASSOCIATES 9:	
Contribution on 12/6/99	\$50,000.00
Contribution on 1/12/00	50,000.00
Contribution on 3/27/00	50,000.00
Contribution on 12/28/00	25,000.00
Contribution on 12/28/00	25,000.00

The total amount of the assets listed above is \$10,920,503.00.

AMSOUTH BANK

19. Defendant Scrushy maintained several checking accounts at AmSouth Bank. Two of these accounts were personal accounts, while the remaining accounts were maintained for the benefit of various closely held entities controlled by Scrushy. Scrushy routinely transferred funds between these accounts.

ACCOUNT NO. RICHARD M. SCRUSHY

- 20. Between January 1, 1996 and December 31, 2002 defendant Scrushy caused a portion of the criminal proceeds describe in paragraph 5 above, consisting of \$21,576,393.77 in net annual target bonus proceeds and \$7,946,325,79 in net monthly target bonus proceeds, to be deposited into his AmSouth Account No. In addition, in excess of \$57,000,000.00 in proceeds were transferred into AmSouth Account No. from other accounts controlled by S crushy. Scrushy transferred \$12,000,000.00 from the AmSouth Account No. to other investment or bank accounts he controlled, where they were used to acquire other investments or assets.
- 21. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from AmSouth Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
1929 Cadillac Dual Cowl Phaeton VIN 334647	\$107,000.00
1947 Nash Super Dedan VIN K161243	\$13,500.00
1955 Mercury Monterey VIN 55WA40735M	\$21,500.00
1998 Aviat Husky aircraft Tail #N207MM	\$134,913.00
2002 Cadillac Escalade VIN 3GYEK63NX2G225769	\$54,043.53
2002 Cadillac Escalade VIN 1GYEK63N52R143755	\$55,323.69

^{*} Because there were multiple payments relating to the purchase of some assets and in some cases payments were made from different accounts, some assets may appear to be duplicated. However, the asset is listed under each account from which a disbursement was made.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
One platinum emerald cut diamond ring @ 21.81 cts.	\$370,000.00
One platinum diamond & ruby ring composed of one heart shape Diamond @ 9.10 cts, twenty-nine baguette rubies, approximately 4.0 cts. and six square diamonds approximately .40 cts.	\$160,000.00
One 18 ct. gold sapphire diamond ring composed of one oval sapphire @ 12.89 cts. and a baguette diamond @ 7.5 cts.	
One platinum ruby & diamond ring: 1 octagon diamond of 10.27 cts., eight square cut diamonds @ 1 ct., and twenty-two rubies @ 4.0 cts.	\$135,000.00
One platinum diamond necklace of 246 baguette diamonds of approximately 30.0 cts.	
One Salvador Dali Painting (Paradise Canto) plus two additional paintings (free): Bloch (High Rise); (bronze) Bloch (Oded); (bronze)	\$118,200.00
One 18 cts. white gold & diamond necklace and matching bracelet	\$60,000.00
One turquoise bracelet w/ diamond rondells	
One six strand diamond bracelet	
One pair 18 ct. white gold baguette diamond earrings	
One pair 18 ct. gold frog cufflinks	
One pair 3.04 ct. diamond stud earrings	\$90,000.00
One pair 3.02 ct. diamond stud earrings	
One 2.03 ct. diamond pendant	
One 2.15 ct. diamond pendant	
One emerald & diamond bracelet	
Two pair cuff links	
One set of cuff links w/studs	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
One sapphire diamond necklace	\$393,000.00
One pair of sapphire and diamond earrings	
One multi-strand pearl and diamond choker	
One multi-strand pearl and diamond bracelet	
One white and yellow diamond necklace	
One pair white and yellow diamond earrings	
One tanzanite and diamond ring	•
Two white gold diamond tennis necklaces @ 5.2 cts.	
Two diamond cross pendants	
One aquamarine cross pendant	
One pair cufflinks lapis and mother of pearl	
One pair cufflinks blue enamel and ruby	
One pair cufflinks chess pieces	
One pair cufflinks crystal, sapphire and diamond	
One pair cufflinks lady bugs	
One pair cufflinks golf	
One pair cufflinks black enamel and mother of pearl and diamond	
One pair cufflinks four matching studs	
One Marc Chagall _L'Echelle Au Ciel_ 1979	\$400,000.00
One Patrick Hughes _Neat Piet_ 1998	
One Pablo Picasso _Tete De Femme I_ 1939	
One Donald Roller Wilson CookieShe Had Seen It 1996	
One Marc Chagall _Grande Corniche_ 1967	
One Joan Miro _L'Ogre Enjou_ 1969	
One Joan Miro _L'Oiseau Mongol _ 1969	
Sterling flatware and serving set	\$38,518.85

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
360 acres in Wilcox County, Alabama	\$360,000
30 acres in Gulf Shores, Alabama	\$2,811,524.48
2003 42' Lighting boat, hull #FGQ42518D203 2003 Mercruiser motor, serial #0M053088 2001 Vanguard trailer, serial #45JC2H93311000879	\$266,323.00
2002 Intrepid boat Hull #IBW37075B202	\$214,223.00
2000 40' Douglas Skater (Monopoly), Hull #DUX00665C004042 One Mercruiser 900 horsepower engine Payment on 11/19/99 Payment on 12/13/99 Payment on 2/7/00 Payment on 3/30/00	\$147,500.00 5,000.00 30,775.00 290,808.00
1966 Pontiac GTO, VIN 242176G111116 Wire transfer on 8/11/00 Wire transfer on 9/13/00	\$5,000.00 28,550.00
One Pierre-Auguste Renoir (Enfants Joaunt A La Balle) 1900	\$468,000.00
One Joan Miro (Le Visage S'Invente) 1957	
One Pablo Picasso (Profil De Femme) 1965	
One Donald Roller Wilson (Carrie's & Don's Uncle Ezra's Birthday Dinner At Don's)	
One Pierre-Auguste Renoir (Baigneuse Assise) 1987	
One Pierre-Auguste Renoir (Claude Renoir, La Tete Baisee) 1904	
One Donald Roller Wilson (Cookie Near Easter Morning Looking	
Down The Hall) 1998	
One Joan Miro (La Bague D'Aurore) 1957 D-125	
One Joan Miro (La Bague D'Aurore) 1957 D-128	
One Joan Miro (La Bague D'Aurore) 1957 D-131	
One Joan Miro (La Bague D'Aurore) 1957 D-133	
One Marc Chagall (On Sundays) 1957 M.98	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
2001 31' Jupiter Twin 250 Yamaha boat Serial #MEV311511001	\$124,525.00
2000 Roll Royce Corniche VIN SCAZK29E3YCX68035	\$329,062.53
1997 Chrysler Town & Country VIN 1C4GP64L9VB343595	\$26,002.43
1998 Cessna Caravan 675 w/landing floats Tail #N208MM	\$15,000.00
One Anthony Quinn Painting _This Is The Question_	\$16,750.00
1992 Tarrab Yacht, 92' _Chez Soiree_ Hull #XED09219D102	\$430,000.00
2000 Plymouth Prowler, VIN 1P3EW65G9YV605923	\$51,624.89
1000 North Lake Way, Palm Beach, Fl.	\$1,060,000.00
2000 GMC Yukon, VIN 3GKGK26U0YG219700	\$41,000.00
2000 GMC Yukon Denali w/armoring package	\$83,000.00
Investment in W & H Investments (.4444% oil & gas royalties)	\$500,000.00
1997 Porsche 911 Turbo VIN WP0AC2994VS375264	\$71,253.49
Hangar at Jack Edwards Field, Gulf Shores, Al	\$5,000.00
Lot No. 18 at Willow Point	\$297,115.07
Investment in New Enterprise Associates 9: Contribution on 11/15/99 Contribution on 7/25/00 Contribution on 9/28/00 Contribution on 9/28/00 Contribution on 1/18/01	\$25,000.00 50,000.00 50,000.00 50,000.00 50,000.00
Contribution on 1/18/01 Contribution on 1/14/02	25,000.00

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
393 acres in Wilcox County, Alabama and Palm Harbor double wide	
mobile home:	\$71.545.00
Purchase & set-up of mobile home	\$71,545.00 26,554.48
Site improvements	20,334.46
Lots #19, 20, & 21 at Willow Point:	\$55,700.00
Earnest money deposit	
Bronze of three bear cubs statue	\$4,200.00
One Indian on horse bronze statue	\$14,500.00
1966 Chevrolet Nova	\$16,750.00
VIN 116376N114373	
1970 Chevrolet Chevelle	\$23,000.00
VIN 136370K195393	
The Longleaf Estate:	\$20,782.69
A) 2406 Longleaf Street	
Parcel #04-28-00-33-3-000-004.002	
B) 2410 Longleaf Street	
Parcel #04-28-00-33-3-000-004.034	
C) 2320 Longleaf Way	
Parcel #04-28-00-33-3-000-004.034	
D) 2300 Marin Drive (formerly Elmer J. Bissell Road)	
Parcel #28-00-33-3-000-004.000	
Investment in Source Medical Solution, Inc.	\$150,000.00

The total amount of the assets listed above is \$10,726,559.28.

ACCOUNT NO. RICHARD M. SCRUSHY, LONGLEAF ESTATE

22. Between August 9, 2002 and September 6, 2002, defendant Scrushy caused

\$251.897.03 in net monthly target bonus proceeds to be deposited into his AmSouth Account No.

In addition, in excess of \$35,000,000.00 was transferred into AmSouth Account No.

from Smith Barney Account No. Smith Barney Account No.

AmSouth Bank Account No. and First Union Bank Account No. all of which received direct deposits of proceeds from the crimes charged in the Indictment.

Scrushy transferred \$1,571,260.55 from the AmSouth Account No. to other investment or bank accounts he controlled, where they were used to acquire other investments or assets.

23. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from AmSouth Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
The Longleaf Estate:	\$706,866.75
A) 2406 Longleaf Street	
Parcel #04-28-00-33-3-000-004.002	
B) 2410 Longleaf Street	•
Parcel #04-28-00-33-3-000-004.034	•
C) 2320 Longleaf Way	
Parcel #04-28-00-33-3-000-004.034	
D) 2300 Marin Drive (formerly Elmer J. Bissell Road)	
Parcel #28-00-33-3-000-004.000	
Lot 101, Unit 1, Ono Island	\$24,075.00
2003 LAMBORGHINI MURCIELAGO	
VIN ZA9BC10U33LA12454	
Payment on 7/16/99	\$90,766.05
Payment on 5/1/02	139,145.34
I ruby & diamond ring; one mq. Diamond 7.07 cts & ruby outline	\$260,000.00
1 plat. Sapphire & diamond bracelet 49 mq.	
Sapphires 22.13 cts. & ninety-eight rd. diamonds; 11.52 cts	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
1 plat. Alexandrite & diamond ring - one oval alexandrite 10.16 cts. & ten oval diamonds 2.03 cts.	\$412,500.00
1 plat. Diamond ring - two trilliant diamonds 4.71 cts & twelve baguette diamonds 3.44 cts.	
1 pr. plat. ruby & diamond earrings - two p/s rubies 12.26 cts. and thirty-six baguette diamonds 7.79 cts.	
1 pr. plat . diamond earrings - one emerald cut diamond 4.06 cts & one emerald cut diamond 4.04 cts. & eighteen round cut diamonds 7.14 cts.	
18 kt. Gold/plat/sapphire & diamond _cross_ brooch - five oval blue sapphires 10.23 cts., two oval yellow sapphires 4.15 cts., three oval pink sapphires 5.03 cts., & fifty diamonds 1.92 cts.	
1 Marc Chagall oil on canvass (Le Cerceau Rouge) 1972	\$175,000.00
1 Pierre Auguste Renior etching (Femme Nue Assise) 1906	
1 Joan Miro etching (Polypheme) 1968-D	
I Joan Miro Lithograph on fabric (Le Bagnard) 1969	
1 Joan Miro Lithograph (Colombine Aux idees Noir) 1980	
1 Joan Miro etching (Fusees #15) 1959-D	
1 Joan Miro etching (Fusees #11) 1959	
1 Marc Chagall Lithograph (L'arc En Ciel)	\$40,000.00
1 Marc Chagall Lithograph (LE COGUE)	\$18,000.00
1 Marc Chagall Lithograph (Ange Au Chandelier)	\$28,500.00

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
2002 Mastercraft X-30, (24') 230VRS	\$29,026.94
Hull #MBCAVAY1G102	
Decal Number 02407953, AL2531KT	
2000 Skater (40') Watercraft (MONOPOLY)	\$50,000.00
Hull DUX00665C004042, AL2185SP	
(1) Mercruisersc 900 HP engine	
Serial # 0L600780L60079	
1995 Hummer 4D	\$43,330.39
VIN 137YA9031SE166843	
Car Wash Headquarter (125 Shares)	\$25,000.00
Stock Certificate #59	
2000 BMW 750IL	\$133,304.86
VIN WBAGK9345YDE35015, titled in Florida	
2001 Porsche 911	\$122,882.69
VIN WP0AB29931S685810, titled in Florida	4122,002.0 7
Pathology Partners Inc.	
531,106 Shares Common Stock of PPI & 108,650 Shares Series C	
Preferred	
Purchase on 6/17/02	\$50,933.44
Purchase on 6/17/02	53,100.60
Purchase on 7/17/02	90,424.22
Purchase on 7/17/02	267,129.10
Two crayon drawings by Pablo Picasso; depictions of a man and a	\$14,885.00
woman(him smoking quite a pipe and her sporting quite a doo)	_
Fleming's "The Lizard's Prize" (Sculptor)	\$19,820.00
Nall "Orchid Branch" (Painting)	
Nall "Winter Pansies" (Painting)	
Nall "Barchessa" (Painting)	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
New Enterprise Associates President's Fund	
Partner #57; EIN: 52-1986500	
Contribution on 1/14/98	\$10,000.00
Contribution on 7/27/98	10,000.00
Contribution on 12/8/98	10,000.00
Contribution on 4/21/99	10,000.00
Contribution on 7/6/99	15,000.00
Contribution on 10/14/99	15,000.00
Kawasaki Mule tractor	\$15,532.80
VIN JK1AFCA17YB537339	
Kawasaki Mule utility vehicle w/shooter box	\$12,377.90
VIN JK1AFCA16YB537428	
Billiard Table	\$16,000.00
Payment on 3/9/98	18,200.00
Payment on 9/3/98	10,200.00
1470 Willows End, Alexander City, Al 35010	\$1,793,651.82
Tallapoosa County	
Lot 19 Willow Point, Phase 12; Parcel #14-04-20-0-001-002.008	
Lot 20 Willow Point, Phase 12; Parcel #14-04-19-0-001-001.008	
Lot 21 Willow Point, Phase 12; Parcel #14-04-19-0-001-071.007	

The total amount of the assets listed above is \$4,720,452.90.

ACCOUNT NO. MARIN, INC.

24. Between November 1997 and March 2003, defendant Scrushy transferred in excess of \$20,000,000 from accounts known to contain significant amounts of criminal proceeds, including Smith Barney Account no. (discussed above at paragraph 18) and AmSouth Bank Account no. (discussed above at paragraph 20), into the account of Marin Inc. at AmSouth Bank. Checking Account No.

25. Based on information during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from AmSouth Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
2003 Lamborghini Murcielago VIN ZA9BC10U33LA12454	\$2,000.00
2002 Ford F-350 VIN 1FTWW33F22ED65506	\$38,675.57
2 Nall Paintings	\$65,000.00
1 12.3 X 18 Antique Ghodish Rug CR - 1900 (Turkey) - 7026 1 4 X 20 New Egyptian Rug (Egypt) - 7153	\$120,300.00
1 12.5 X 18.2 Antique Agra cir 1890 Rug (India) - 7039 1 4 X 6.2 Antique Hajijalili cir 1900 Rug (Persian) - 5068	
1 4.6 X 6.6 Antique Hajjalili 1920 (Persian Rug) - 7641 1 10 X 15 Antique Agra 1906 (Indian Rug) - 7159 1 9.5 12.5 Antique Herekeh 1910 (Turkey Rug) - 7604	\$73,600.00
1 English Mahogany Serpentine-Shaped Sideboard w/carvings on frieze & knees, ball and claw feet - circa 1860 w-78_ d-27 1/2_ h	\$18,790.00
1 plasma flat panel display - Serial #8454452412	\$16,960.00
2002 377 Intrepid Walkaround (38') base boat Hull #IBW37075B202; AL1389AV	\$25,000.00
2001 Master craft X-Star (20') Hull MBCJ2PN6E101, AL9077KP 2001 LTR-VRS Engine, Serial # 24431 AND Prostar Dual boat trailer, Serial #19MC61UZ11Z000352	\$56,118.75
1999 Freightliner FL60 VIN 1FV3GJBC1XHA41150	\$87,300.00

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE

The following real property located in Tallapoosa County, Alabama and conveyed to Marin Properties, L.L.C. by warrant deed recorded on July 22, 1998:

- A) An island; Parcel #20-05-16-0-001-001.000
- B) Parcel 2 subsequently developed as Marina Marine Estates, Plat I and Plat II; and, based on the most recent information available, consist of the following inventory of lots:
 - 1) Lot 1, Plat I; Parcel #20-04-17-0-001-003.008
 - 2) Lot 2, Plat I; Parcel #20-04-17-0-001-003.007
 - 3) Lot 6, Plat I; Parcel #20-02-17-0-001-003.003
 - 4) Lot 7, Plat I; Parcel #20-04-17-0-001-003.002
 - 5) Lot 10, Plat I; Parcel #20-04-17-0-001-003.001
 - 6) Lot 11, Plat I; Parcel #20-05-16-0-001-002.018
 - 7) Lot 12, Plat I; Parcel #20-05-16-0-001-002.017
 - 8) Lot 12, Plat I; Parcel #20-05-16-0-001-002.016
 - 9) Lot 14, Plat I; Parcel #20-05-16-0-001-002.015
 - 10) Lot 16A, Plat I; Parcel #20-05-16-0-001-002.005
 - 11) Lot 16B, Plat I; Parcel #20-05-16-0-001-002-004
 - 12) Lot 17A, Plat I; Parcel #20-05-16-0-001-002-003
 - 13) Lot 21, Plat I; Parcel #20-05-16-0-001-002.009
 - 14) Lot 23, Plat I; Parcel #20-05-16-0-001-002.012
 - 15) Lot 24A, Plat I; Parcel #20-05-16-0-001-002.013
 - 16) Lot 24B, Plat I; Parcel #20-05-16-0-001-002.014
 - 17) Lot 11, Plat II, Parcel #20-05-16-0-001-002.036
 - 18) Lot 12, Plat II; Parcel #20-05-16-0-001-002.035
 - 19) Lot 13, Plat II; Parcel #20-05-16-0-001-002.034
 - 20) Lot 15, Plat II; Parcel #20-05-16-0-001-002.032
 - 21) Lot 19, Plat II; Parcel #20-05-16-0-001-002.028
 - 22) Lot 21. Plat II. Parcel #20-05-16-0-001-002.027
- C) Parcel 2; Parcel #20-04-17-0-001-002.000
- D) Parcel 3, Parcel #20-04-17-0-001-002.000
- E) Parcel 4, Parcel #20-04-17-0-001-001.000

Payment on 6/5/98

Payment on 7/21 98

\$20,000.00 2,986,434.00

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
Komatsu Model D38P-1 dozer Serial #86110	
Payment on 5/31/00	\$5,641.20
Payment on 11/16/00	31,238.09
2000 GMC Yukon XL SUV	\$37,800.00
VIN 3GKEC16T6YG212188	
1 painting (A Bird In Hand) By Hayes Friedman	\$13,145.00
1 painting (Three Women From Thera) By Hayes Friedman	
1 Rare Persian Oriental Rug 10X14.2	\$18,408.00
Lot 22 Willow Point Phase XII	\$336,090.92
Tallapoosa County	
2544 Willow Point Road, Alexander City,	
Parcel #14-04-19-0-001-001.006	······································
2000 GMC KX2 SUV C2500	\$45,000.00
VIN 3GKGK26U0YG219700, armored package	
2002 BMW 330I	\$39,880.23
VIN WBAEV53452KM16021	
One French Poudreuse dressing table with parquetry on top, sides, and drawer front	\$5,560.00
2000 Humdinger (Golf Cart)	\$21,172.95
VIN 1U9GS111XYR071121	
Lot 101, Unit One, Ono Island	\$103,057.51
30524 River road, Orange Beach, AL 36561; Baldwin County Parcel #64-03-06-0-000-043.000	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE AMOUNT The Longleaf Estate: \$1,711,053.03 D) 2406 Longleaf Street Parcel #04-28-00-33-3-000-004.002 E) 2410 Longleaf Street Parcel #04-28-00-33-3-000-004.034 F) 2320 Longleaf Way Parcel #04-28-00-33-3-000-004.034 D) 2300 Marin Drive (formerly Elmer J. Bissell Road) Parcel #28-00-33-3-000-004.000

The total amount of the assets listed above is \$5,878,225.25.

ACCOUNT NO. MARIN AIR, LLC

- 26. Defendant Scrushy transferred \$775,000 from AmSouth Bank Account no.

 (discussed above at paragraph 20), an account known to contain significant amounts of proceeds, to Marin Air LLC's Account No.
- 27. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from AmSouth Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
Kubota B-7300 4wd Tractor Serial #16501 & RCK 54-24B mid mount mower Serial #20210 & draw bar, and 2" trailer ball	\$11,050.00
Hanger & real property located at Willow Point landing strip. Tallapoosa County, Alabama consisting of approximately 1.7 acres Parcel #62-14-04-17-0-001-001.36	\$219,203.49
1998 Cessna Caravan 675 w/landing floats Registered to Marin Air, Inc. Tail #N208MM; Serial #20800296	\$44,000.00

The total amount of the assets listed above is \$274,253.49.

ACCOUNT NO. MARIN PROPERTIES, LLC

29. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from AmSouth Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
30 Acres, Highway 182 Perdido Beach Blvd., Gulf Shores, Baldwin	\$25,000.00
County	
Parcel #05-66-06-13-1-001-005.000	
Parcel #05-66-06-13-4-001-021.000	
Agco-Allis Tractor w/cab	
Model #9745 tractor 4wd, SER # G083006 w/ one Amco Disc	
Serriator blade, model J44-2424, Serial # 00040210 & one Land	
Pride 15' Fold rotary cutter, Serial # 222793	
Payment on 4/13/00	\$15,000.00
Payment on 5/5/00	•
	84,876.00
Kubota B-7500 4wd tractor w/turf tires	\$12,620.32
Serial #59518, stock #6000 & 54" Kubota Mower, Serial #30173	
Serial #3983 & draw bar, draw bar stabilizer, pendel hitch & 2" ball	

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
Lot 128, Ono North, Phase One, Orange Beach, AL 36561; Baldwin County Parcel #64-03-06-0-000-001.219	
Payment on 8/14/01	\$1,000.00
Payment on 8/16/01	31,600.86

The total amount of the assets listed above is \$170,097.18.

FIRST UNION BANK ACCOUNT NO. 1010038652998; RICHARD M & LESLIE J. SCRUSHY:

- 30. Between March 2001 and August 2001, defendant Scrushy transferred \$4,585,750.00 in annual bonuses and \$818,488.51 in monthly target bonuses into his First Union Bank Account No.

 as described in paragraphs 5, 6 and 7, above.
- 31. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from First Union Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
2002 377 Intrepid Walkaround (38') base boat Hull #IBW37075B202; AL1389AV	\$25,000.00
1992 Tarrab Yacht 92' (CHEZ SOIREE) Hull # XED09219D102	\$380,000.00
1000 North Lake Way, Palm Beach, Fl. Palm Beach County Parcel #50-43-4-303-200-000.400	\$4,500,000.00

The total amount of criminal proceeds traced into the assets listed above is \$4,905,000.00.

ACCOUNT NO. RICHARD M. & LESLIE J. SCRUSHY

- 32. Between August 2001 and November 2001, defendant Scrushy caused \$137,349.84 in monthly target bonuses to be deposited into his First Union Bank Account No. as described in paragraphs 5, 6 and 7, above. In addition, in excess of \$375,000 in proceeds were transferred into this account from other accounts controlled by Scrushy.
- 33. Based on information gathered during this investigation, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from First Union Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
Hangar located on leased property at Jack Edwards Airport, Baldwin County	\$80,531.67
Lot #2, Jack Edwards Airport, Gulf Shores, Al	
Parcel #66-02-04-3-001-001.502	
New Enterprises Associates 9	\$25,000.00
Partner #198; EIN:	

The total amount of the assets listed above is \$105,531.67.

SMITH BARNEY ACCOUNT NO. RICHARD M. SCRUSHY

34. There are significant inflows of criminally derived proceeds during the period prior to which there were purchases out of this account. Specifically, during May 2002, defendant Scrushy transferred \$10,000,000 by wire from UBS Warburg Account No. Smith Barney Account No. Account No. The sole source of funds in UBS Account No.

\$19,954,049, Scrushy exercised a HealthSouth option resulting in a deposit of 5,275,360 shares into his UBS Account No. Scrushy then sold the shares for \$74,118,808, resulting in a net gain of \$54,164,759. The \$10,000,000 is a direct transfer of criminal proceeds of crimes charged in the Indictment. In addition to the \$10,000,000 in proceeds received as a result of the exercise of stock options in May 2002, Scrushy also received a refund from HealthSouth for excess taxes withheld in the amount of \$3,595,167.50 This refund was in connection with the options exercised in May 2002, and was deposited into Smith Barney Account No. During the period of June 2002 and March 2003 \$4,850,000 was transferred out of this account to other Scrushy controlled accounts.

35. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from Smith Barney Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
2003 Lamborghini Murcielago	
VIN ZA9BC10U33LA12454	
Payment on 2/20/03	\$3,294.05
Payment on 2/25/03	88,000.00
Payment on 2/26/03	21,069.25
1000 North Lake Way, Palm Beach, Fl. Palm Beach County Parcel #50-43-4-303-200-000.400	\$325,495.08
Walker marina, Orange Beach, Al, Baldwin County Parcel #6502120000116000	\$2,723,645.61
2003 Volkswagen Beetle Convertible VIN 3VWCK21Y53M308612	\$25,340.96
The Bissell Property, Gulf Shores, Al. Baldwin County Parcel #65-02-12-0-000-117.	\$695,600.15

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE

AMOUNT

2001 Cessna Citation 525 Aircraft

\$1,650,000.00

Registered to WS Aviation LLC

Tail #N525BR OR N525WS

Serial # N525-0444, with two (2) Williams FJ441A Engines

Serial #1901 & 1902

The total amount of the assets listed above is \$5,532,445.10.

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ACCOUNT NO. RICHARD M. SCRUSHY CHARITABLE FOUNDATION

36. Defendant Scrushy made a transfer in the amount of \$5,000,000 to Smith Barney Account

No. (discussed above at paragraph

18). From these proceeds Scrushy made the following purchase:

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
415 5 th Street, West Palm Beach County, Fl. Parcel #74-43-43-21-06-014-0070	\$940,000.00

The total amount of the asset listed above is \$940,000.00.

ALAMERICA BANK

37. On or about May 9, 2003, Defendant Scrushy closed his accounts at AmSouth Bank, all of which had received, directly or indirectly, substantial deposits from accounts that had received direct deposits of proceeds from the crimes charged in the Indictment. The funds existing within the accounts at that were closed at AmSouth Bank were transferred to new accounts opened at Alamerica Bank in Birmingham, Alabama. I have probable cause to believe that the following accounts at Alamerica Bank contain proceeds from the criminal activity charged in the Indictment.

ACCOUNT NO. MARIN, INC.:

38. On May 9, 2003, Defendant Richard M. Scrushy transferred \$256,387.48 from AmSouth Bank Account No. Marin, Inc. to Alamerica Bank. At Alamerica Bank the transfer deposit was split between two (2) accounts maintained in the name of Marin, Inc. Of the \$256,387.48, \$50,000.00 was credited to Alamerica Bank Account No. Both of these accounts are maintained in the name of Marin, Inc. During the time period charged in the Indictment, Scrushy transferred in excess of \$20,000,000.00 into AmSouth Bank Account No. From Smith Barney Account No. AmSouth Account No. AmSouth Account No. AmSouth Stanley/Dean Witter Account No. All of these accounts received direct deposits of proceeds from the crimes charged in the Indictment.

39. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from Alamerica Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
Real property known as Walker Marina, Orange beach, Al 36561; Baldwin County	\$25,000.00
Parcel #65-02-12-0-000-116.000	

ACCOUNT NO. RICHARD M. SCRUSHY AND LESLIE J. SCRUSHY

40. On May 9, 2003, Defendant Scrushy transferred \$34,466.89 from AmSouth Bank Account No. 2003 and \$180,858.86 from AmSouth Bank Account No. 2003 into Alamerica Bank Account No. 2003 On May 15, 2003, Scrushy made a wire transfer deposit of \$1,000,000.00

into this same account with funds from Morgan Stanley Account No. On or about May 2002, Scrushy deposited \$10,000,000 in proceeds from the sale of HealthSouth stock acquired through options into Morgan Stanley Account No.

41. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in whole or in part with criminal proceeds from Alamerica Bank Account No.

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
2003 Cadillac Escalade ESV	\$16,520.33
VIN 3GYKF66N83G280576	
Investment Fund	\$15,000.00
New Enterprises Associates 9	
Partner # EIN:	

MORGAN STANLEY ACCOUNT NO. Richard M. Scrushy

- with \$10,000,000.00 transferred by wire from UBS Warburg Account No. The sole source of funds in UBS Account No. The at the time of the wire transfer were proceeds from the sale of HealthSouth stock obtained by the exercise of stock options on May 14, 2002. On May 14, 2002, at a cost of \$19,954,049, Scrushy exercised a HealthSouth option resulting in a deposit of 5,275,360 shares into his UBS Account No. Scrushy sold the shares for \$74,118,808, resulting in a net gain of \$54,164,759. All trades in the UBS Account No. were of HealthSouth stocks and no deposits from other sources were made.
- 43. Based on information gathered during this investigation, and the tracing methods and analysis described above, I have probable cause to believe the following assets were purchased in

PROPERTY INVOLVED IN OR TRACEABLE TO OFFENSE	AMOUNT
Locust Wood Capital LP; EIN -	\$1,000,000.00
Partner #	

44. The following accounts should be restrained as a result of proceeds from the sale of HealthSouth stock acquired through options being deposited directly into the accounts as follows:

Smith Barney	\$10,000,000.00
UBS/Paine Webber	\$13,000,000.00
Morgan Stanley	\$10,000,000.00
South Trust Securities	\$3,859,118.36

45. On May 17, 2002, defendant Scrushy funded the accounts referenced above, in the amounts indicated, by the wire transfer of proceeds from UBS Warburg Account No. as described above at paragraphs 8, 9 and 10. The sole source of funds in UBS Account No. at the time of the wire transfer was proceeds from the sale of HealthSouth stock obtained by the exercise of stock options on May 14, 2002. On May 14, 2002, at a cost of \$19,954,049, Scrushy exercised a HealthSouth option resulting in a deposit of 5,275,360 shares into his UBS Account No. Scrushy sold the shares for \$74,118,808, resulting in a net gain of \$54,164,759. All trades in the UBS Account No. were of HealthSouth stocks and no deposits from other sources were made. In addition to the \$10,000,000 from the May 2002 stock option, Scrushy also received a refund from HealthSouth for excessive taxes withheld in connection with the May 2002 options of \$3,595,167.50. On June 25, 2002, these proceeds were deposited into the Smith Barney Account No. Also, on May 15, 2002, Scrushy transferred \$3,000,000 from his AmSouth Bank account No. This transfer deposit

was associated with his Annual Target Bonus payment the month prior. On May 28, 2003, Scrushy transferred \$3,167,613.92 worth of cash and securities from Smith Barney Account No. which is traceable in whole or in part to proceeds of crimes charged in the Indictment.

STERNE, AGEE, & LEACH INC ACCOUNT NO. RICHARD M. SCRUSHY

- 46. Sterne, Agee Account no. Contained \$3,219,533.82 as of April 30, 2003. The proceeds in this account were originally generated in another account controlled by defendant Scrushy, as described below, before being traced to Sterne, Agee Account no. Wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer totaling \$1,743,727.98, have been traced to Sterne, Agee Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Account No. Controlled by defendant Scrushy, wire transfer deposits from Smith Barney Accou
- 47. In January 1998, defendant Scrushy transferred \$1,005,200 in criminal proceeds from AmSouth Bank Account No. The to purchase shares of Warrior Capital, which subsequently was merged into Banc Corporation. As the result of the merger, Scrushy received 210,000 shares of Banc Corporation common stock, valued at approximately \$2.2 million, which were transferred to Sterne, Agee Account No. The proceeds from the purchase shares of Warrior Capital, which subsequently was merged into Banc Corporation. As the result of the merger, Scrushy received 210,000 shares of Banc Corporation common stock, valued at approximately \$2.2 million, which were transferred to Sterne, Agee Account No.

SMITH BARNEY (CITIGROUP) ACCOUNT NO. RICHARD M. SCRUSHY

48. Defendant Scrushy's Smith Barney Account No. Contained \$131,345.44 as of May 31, 2003, substantially all of which is proceeds of Scrushy's criminal acts. As discussed previously, during the period of November 1996 through September 2002, 6,084,000 shares of

HealthSouth Stock were deposited into this account from the exercise of stock options, and 1,855,527 shares of HealthSouth stock were deposited in conjunction with the Executive Loan Plan. There were also significant other proceeds traceable to criminal acts deposited to this account, as well as significant proceeds traced out of this account into other Scrushy controlled accounts. Currently, based on the most recent information available, there are still 458,368 shares of HealthSouth Stock, which Scrushy acquired pursuant to the Executive Loan Plan, remaining in Account No. These shares had a stated value as of May 31, 2003, of \$121,009.15, which makes up the majority of the remaining value in the account.

A.G. EDWARDS & SONS ACCOUNT NO. RICHARD M. SCRUSHY

49. Defendant Scrushy's A.G. Edwards Account No. Contains \$2,091,244.97 as of July 25, 2003. The funds in this account were originally generated in Scrushy's AmSouth Account No. (previously discussed above at paragraphs 6, 7 and 20) before being traced to A.G. Edwards Account No. During the period May 5, 2000, through May 29, 2002, a total of \$1,517,569.73 was transferred from AmSouth Account No. which received monthly target bonus proceeds during this time period as well as one annual target bonus during this period.

ACCOUNT NO. RICHARD M. SCRUSHY

50. Defendant Scrushy's CIBC Account No. Contained \$784,408.29 as of March 31, 2003. This brokerage account, during the period August 12, 1997 through September 25. 2002, received \$640,847.75 from AmSouth Bank Account No. \$240,000.00 from Morgan

Stanley Account No. and \$800,000.00 from Smith Barney Account No. all of which received direct deposits of proceeds generated by the crimes charged in the Indictment.

SMITH BARNEY (CITIGROUP) ACCOUNT NO. MARIN FAMILY LP

- \$961,059.08 as of May 31, 2003. The proceeds in this account were originally generated in Scrushy's Smith Barney Account No. (previously discussed above at paragraph 18), before being traced to Smith Barney Account No.
- 52. On December 30, 1999, six wire transfers, totaling \$771,890.00 were made to Smith Barney Account No. During the period covered by the Indictment, Smith Barney Account No. During the period of proceeds generated by the crimes charged in the Indictment.

MORGAN STANLEY/DEAN WITTER ACCOUNT NO. MARIN FAMILY LP

53. Marin Family Limited Partnership's Morgan Stanley contained \$397,289.73 as of August 31, 2003. During the period June 28, 2000 through November 7, 2000, funds in the amount of \$180,000.00 were transferred to this account from AmSouth Bank Account No.

SMITH BARNEY (CITIGROUP) ACCOUNT NO. RICHARD M. SCRUSHY CHARITABLE FOUNDATION

54. The Richard M. Scrushy Charitable Foundation's Smith Barney Account No. Contained \$4,248,973.80 as of March 31, 2003. During the period December 29, 1997 through October 10, 2002, this account received a total of \$5,200,000.00 from accounts controlled by Scrushy.

Of this amount, \$5,000,000.00 was received from the Smith Barney Account No. \$200,000.00 was received from Smith Barney Account No.

MORGAN STANLEY/DEAN WITTER ACCOUNT NO. RICHARD M. SCRUSHY CHARITABLE FOUNDATION

contained \$4,396,479.85 as of August 31, 2003. During the period May 8, 2000 through February 11, 2001, this account received deposits of \$1,350,000.00 from the Richard M. Scrushy Charitable Foundation, Inc. account at Smith Barney, Account No. Review of Smith Barney Account No. Review of Smith Sm

SMITH BARNEY (CITIGROUP) ACCOUNT NO. RICHARD M. SCRUSHY CHARITABLE FOUNDATION

56. The Richard M. Scrushy Charitable Foundation's Smith Barney Account No. Contained \$1,793,937.00 as of March 30, 2003. On February 8, 2001, \$1,375,000.00 was deposited into this account from other accounts that had received significant deposits of funds from accounts of criminal proceeds. On October 8, 2002, \$600,000.00 was received from Smith Barney Account No. (previously discussed at paragraph 18). An additional \$775,000.00 was received into this account from Smith Barney Account No. Smith Barney Account No. Smith Barney Account No. (previously discussed at paragraph 18). Smith Barney Account No. (previously discussed at paragraph 18).

ALAMERICA BANK ACCOUNT NO. The standard ACCOUNT # MARIN AIR, LLC.

Bank Account No. Marin Air, LLC. was credited with \$10,000.00 of the \$60, 468.33 and Account No. Marin Air, LLC. was credited with \$10,000.00 of the \$60, 468.33 and Account No. Marin Air, LLC. was credited with the remaining \$50,468.33. During the period charged in the Indictment, \$775,000.00 was transferred from AmSouth Bank Account No. Richard M. Scrushy, to AmSouth Bank Account No. Marin Air. During this same time period, AmSouth Bank Account No. Treceived in excess of \$90,000,000.00 as transfer deposits from other bank and brokerage accounts maintained by Scrushy that received direct deposits of proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. Treceived direct deposits of proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. Treceived direct deposits of proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. Treceived direct deposits of proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank Account No. The proceeds of the crimes charged in the Indictment. In addition, AmSouth Bank

. UBS PAINE WEBBER ACCOUNT # RICHARD M. SCRUSHY

58. On May 17, 2002, UBS Paine Webber Account No. received a wire transfer deposit of \$13,000,000.00. This transfer deposit was proceeds from the sale of HealthSouth stock acquired from the exercise of options on that same date as previously outlined in paragraph 44 and 45.

Based on the most recent information available, the balance of this account was \$4,343,078.92.

FIRST COMMERCIAL BANK ACCOUNT # MARIN, INC.

No. Marin, Inc., was received from Smith Barney Account No. During the period charged in the Indictment, Smith Barney Account No. Compared to the Endictment, Smith Barney Account No. Compared to the Endictment, Smith Barney Account No. Compared to the Endictment Smith Barney Account No. Compared to the Endictment No. The later two accounts received direct deposits of proceeds during the fraud of over \$157,000,000.00. The most recent information available indicates that the balance in this account is \$357,395.92.

FIRST COMMERCIAL BANK ACCOUNT # RICHARD M. SCRUSHY INVESTMENT ACCOUNT

60. On September 9, 2002, First Commercial Bank Account No. received a transfer deposit of \$2,000,000.00 from Morgan Stanley/Dean Witter Account No. Morgan Stanley/Dean Witter Account No. received a direct deposit of proceeds from the sale of HealthSouth stock acquired through exercised options on May 17, 2002, in the amount of \$10,000,000.00 as previously discussed in paragraphs eight, nine, and ten of this affidavit.

FIRST COMMERCIAL BANK ACCOUNT # RICHARD M. SCRUSHY SPECIAL ACCOUNT

61. On April 1, 2003, First Commercial Bank Account No. Preceived a wire transfer deposit of \$155,000.00 from Smith Barney Account No. On April 15, 2003, this account received another wire transfer deposit of \$5,000,000.00 from Morgan Stanley/Dean Witter Account No. An addition wire transfer deposit of \$3,000,000.00 and \$5,000,000.00 were

As previously outlined in paragraphs eight through eleven of this affidavit, these accounts received direct deposits of substantial amounts of proceeds of crimes charged in the Indictment. Based on the most recent information available, the balance in First Commercial Bank Account No. was \$186,609.04.

WELLS REAL ESTATE INVESTMENT TRUST ACCOUNT NO. RICHARD M. SCRUSHY

62. On August 22, 2002, defendant Richard M. Scrushy transferred \$232,000.00 from his SouthTrust Securities Account, Account No. and used the funds to purchase 25,000 shares in Wells Real Estate Investment Trust, Inc. SouthTrust Securities Account No. had received \$10,000,000.00 in proceeds from the exercise of options and related sale of HealthSouth stock as previously outlined in paragraphs eight through ten of this affidavit.

ST. JAMES INVESTOR GROUP, LLC. ACCOUNT NO. RICHARD M. SCRUSHY

63. On December 27, 2000, and December 28, 2000, defendant Richard M. Scrushy transferred \$32,500.00; on each day, from his AmSouth Bank Account No.

Investor Group, LLC. Account No.

AmSouth Bank Account No.

AmSouth Bank Account No.

Freceived proceeds directly and indirectly from net monthly and annual target bonuses as well as transfer deposits from Smith Barney Account No.

and Smith Barney Account No.

CHILDRENS TRUST ACCOUNTS MORGAN STANLEY/DEAN WITTER

ACCOUNT NO.



64. Trust accounts for the children of defendant Richard M. Scrushy were originally established at Smith Barney in 1997. These accounts were funded from other accounts that either directly or indirectly received proceeds from the crimes charged in the Indictment as previously outlined in paragraphs five through nine. The source and amount of the deposits were as follows:

		Smith Barney	AmSouth Bank
Trust	<u>Date</u>		
Melissa Scrushy	12/17/98		\$15,000.00
Marinda Scrushy	12/17/98		15,000.00
Christa Scrushy	12/17/98		15,000.00
Brandon Scrushy	12/17/98		15,000.00
Brooks Scrushy	12/17/98		15,000.00
Melissa Scrushy	12/17/98		2,500.00
Marinda Scrushy	12/17/98		2,500.00
Christa Scrushy	12/17/98		2,500.00
Brandon Scrushy	12/17/98		2,500.00
Brooks Scrushy	12/17/98		2,500.00
Chloe Scrushy	12/31/98	\$20,000.00	
Chloe Scrushy	12/19/00	20,000.00	
Melissa Scrushy	12/19/00	15,000.00	
Marinda Scrushy	12/19/00	15,000.00	
Christa Scrushy	12/19/00	15,000.00	
Brandon Scrushy	12/19/00	15,000.00	
Amy Scrushy	12/19/00	15,000.00	
Brooks Scrushy	12/19/00	15.000.00	
Chloe Scrushy	12/19/00	16,543.00	
Melissa Scrushy	12/19:00	16,766.00	
Marinda Scrushy	12/19/00	15,547.00	
Christa Scrushy	12 19 00	16,744.00	
Brandon Scrushy	12.19.00	15,547.00	
Amy Scrushy	12/19 00	15,704.00	
Brooks Scrushy	12/19/00	15,547.00	
Chloe Scrushy	12/31/98	20,000.00	

65. On June 2, 2003, the children's trust accounts at Smith Barney were closed and the investments within those accounts were transferred to corresponding accounts at Morgan Stanley/Dean Witter. The new accounts established at Morgan Stanley/Dean Witter were as follows:

MORGAN STANLEY ACCOUNT NO. CHRISTA SCRUSHY PLAIA

Morgan Stanley/Dean Witter for Christa Scrushy, account note The \$272,500.00 was transferred to a personal account established at Morgan Stanley/Dean Witter, Account No.

for the benefit of Christa Scrushy Plaia. As outlined previously in paragraphs 9, 18, & 64 there is probable cause to believe that Morgan Stanley/Dean Witter Trust Account No.

was funded in whole or in part with proceeds from the crimes charged in the Indictment. Therefore, there is probable cause to believe that Morgan Stanley/Dean Witter Account

is also funded in whole or in part with proceeds transferred into it from Morgan Stanley/Dean Witter Account

Witter Account No.

MORGAN STANLEY ACCOUNT NO. AMY SCRUSHY ADAMS

67. On June 9, 2003, \$267,238.00 was transferred from the trust account established at Morgan Stanley/Dean Witter for Amy M. Scrushy, account no. The \$267,238.00 was transferred to a personal account established at Morgan Stanley/Dean Witter, Account No. for the benefit of Amy M. Scrushy Adams. As outlined previously in paragraphs 9, 18, & 64 there is probable cause to believe that Morgan Stanley/Dean Witter Trust Account No. was funded in whole or in part with proceeds from the crimes charged in the Indictment. Therefore, there is probable cause to believe that Morgan Stanley/Dean Witter Account Witter Account Witter Account Witter Account Witter Account No.

THE BANK ACCOUNT NO. RICHARD M. SCRUSHY

68. On July 1, 1998, defendant Richard M. Scrushy transferred \$1,000,000.00 from his AmSouth Bank Account No. Savings Bank. During the period stated in the Indictment, AmSouth Bank Account No. The B

PARTNER #15, EIN: RICHARD M. SCRUSHY

69. On November 26, 1996, defendant Richard M. Scrushy transferred from his Smith Barney Account No. The amount of \$5,000,000.00 to his money management firm,

Forstmann-Leff Associates. On July 1, 2000, \$1,709,015.48 was transferred from the money manger to the Triumph Fund III, Limited Partnership. Smith Barney Account No. received direct deposits of proceeds from the crimes charged in the Indictment as outlined previously in paragraphs eight and nine.

FORSTMANN PARTNERS LIMITED PARTNERSHIP

70. On January 31, 1997, defendant Richard M. Scrushy transferred \$200,000.00 from his Smith Barney Account No. To Forstmann Partners Limited Partnership. On October 29, 2003, agents assigned to this investigation received confirmation that this investment remained "untouched." During the period stated in the indictment, the Smith Barney Account No. Therefore, I have probable cause to believe that the investment in Forstmann Partners Limited Partnership was made in whole or in part with proceeds from the crimes charged in the Indictment.

71. In conclusion, based on the information contained in this affidavit, probable cause exists to believe that the properties named herein constitute the fruits of crime and represent the proceeds of criminal activity, and were involved in or traceable to property involved in a violation of the money laundering statutes, 18 U.S.C. §1957, and are therefore subject to forfeiture under 18 U.S.C. §982(a)(1). There is a lso probable cause to believe that the subject property was derived from proceeds traceable to fraud in the sale of securities in violation of 15 U.S.C. §78j(b) and 78ff, conspiracy, in violation of 18 U.S.C. §371, mail fraud in violation of 18 U.S.C. §1341, and wire fraud in violation of 18 U.S.C. §1343, and is therefore subject to forfeiture under 18 U.S.C. §981(a)(1)(C) and 28 U.S.C. §2461(c).

72. I have reviewed summaries of interviews of individuals who had direct contact with defendant Scrushy, and I have examined numerous documents, including shipping documents, public real estate records, and a newspaper article, which establish as a matter of common knowledge that defendant Scrushy has four properties that he uses as personal residences, that is:

Residence and compound located at 2406 Longleaf Street, Birmingham, Alabama 35243, including adjoining real properties located at 2410 Longleaf Street, 2320 Longleaf Way, and 2300 Marin Drive, Birmingham, Alabama, together with all improvement, fixtures, and appurtenances thereon;

Residence and real property located at 1470 Willows End, Alexander City, Alabama35010, more particularly described as Lots 19, 20, and 21, Willow Point Phase XII, Tallapoosa County, Alabama;

Residence and real property located at 30524 river Road, Orange Beach, Alabama 36561, more particularly described as Lot 101, Unit 1, Ono Island Subdivision, Baldwin County, Alabama, together with all improvements, fixtures, and appurtenances thereon; and

Residence and real property located at 1000 N. Lake Way, Palm Beach, Palm Beach County, Florida 33480, together with all improvements, fixtures, and appurtenances thereon.

73. I have also examined insurance policy summaries, automobile, aircraft and vessel title registration documents, and invoices which establish that defendant Scrushy not only treats these addresses as personal residences, but that many of the assets identified in the above lists were shipped to and insured at those addresses. See attached *Examples*: an insurance summary from defendant Scrushy's insurance company, the aforesaid newspaper articles, and photographs of the properties. Other agents and I have conducted a lengthy investigation of defendant Scrushy's activities and assets, and have been unable to identify any other location where defendant Scrushy may have reasonably kept these assets. We are also seeking the attached writ of entry for the above-referenced properties, and request authority to execute the same along with the requested warrant if said writ is authorized.

74. Based on the foregoing, probable cause exists to believe that the real and personal properties, as identified in this affidavit, constitute or are derived from proceeds traceable to the violations of 18 U.S.C. § 371. 1341, 1343, and 15 U.S.C. § 78, and/or are properties involved in transactions conducted in violation of 18 U.S.C. § 1957, as charged in the Indictment against defendant Richard M. Scrushy. Therefore, in the event of defendant Richard M. Scrushy's conviction on these charges, the subject real and personal properties are forfeitable to the United States of America pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), and 18 U.S.C. § 982(a)(1).

75. Therefore, your affiant submits that the requested restraining order and writs of entry are necessary to preserve the availability of the subject real and personal properties for forfeiture to the United States pending final disposition of this criminal action.

CHARLES A. TRAYWICK

Special Agent

Internal Revenue Service - Criminal Investigation

SWORN TO AND SUBSCRIBED BEFORE ME this 3rd day of November, 2003.

SEE FILE FOR EXHIBITS